



Washington State Department of
Labor & Industries

Workers' Compensation Services



Your Premium Dollars at Work

*Washington's Workers'
Compensation System*



December 2014

Dear Employer:

L&I took significant steps in 2014 to stabilize premium rates and impact our agency goals:

- Make workplaces safe.
- Help injured workers heal and return to work.
- Make it easier to do business with L&I.
- Help honest workers and businesses by cracking down on the dishonest ones.

Ensuring workplace safety for 2.6 million workers in Washington is L&I's top priority. Although most workers return home every evening without incident, 3-4% will get injured on the job. Through L&I's Division of Occupational Safety and Health (DOSH), we focus on reducing workplace injuries to not only help workers, but to reduce overhead costs for employers and avoid the loss, even temporarily, of a trained and valuable employee. Fewer injuries mean lower premium costs and a healthier community. Our dream would be a working Washington free from job-related injury, illness and death.

In the meantime, we continue efforts to reduce long-term disability by emphasizing return-to-work services, quality medical care and improved claims handling with system efficiencies identified through Lean management. We committed to saving \$35-70 million through these activities in 2014. Actual savings resulted in over \$91 million and fewer workers becoming long-term disabled – achievements and trends we will strive to continue in 2015 and beyond.

Some examples of our return-to-work efforts included:

- Testing the use of historic data to identify high-risk disability claims and deploy field staff to work with employers, workers and medical providers to identify work options.
- Engaging private vocational professionals earlier in claims to maintain the employer/worker relationship and the worker's motivation to return to work.
- Partnering with WorkSource so that re-employment services are standing by to help injured workers who are ready to go back to work.

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- Keeping claims moving forward by hiring more occupational nurses to help resolve clinical issues.
- Raising employer awareness of the Stay at Work Program. More than 3,000 employers received \$27 million to support about 12,000 injured workers in medically-appropriate light-duty jobs.

We also will continue to focus on improving medical outcomes for injured workers by working with the 20,000 providers in our Medical Provider Network and the six Centers of Occupational Health & Education to ensure occupational health best practices become commonplace for our workers' compensation system.

At L&I, we're committed to bringing employers the best possible support for improving safety, helping injured workers heal and return to work, reducing workers' comp fraud, and establishing fair premium rates to cover expenses. We



appreciate your partnership in these mutual goals.

Best wishes for a safe and prosperous 2015.

Vickie Kennedy
Director of Insurance Services

What is Workers' Compensation?

It is a no-fault insurance for work-related injuries and illnesses that protects both employers and workers. No-fault means workers give up their right to sue their employer for a work-related injury or illness. The insurance also protects employers from the cost of extended claims and tort liability.

Who is covered?

Workers' compensation insurance through the Department of Labor & Industries (L&I) covers 169,000 employers and about 2.6 million workers. Premiums and investment earnings finance the program. Workers pay on average about 25% of the premium, while employers pay the remaining 75%. Washington is the only state where workers pay a significant portion of the premium.

Workers' Compensation Statistics at a Glance

Operating Environment	FY 2014	FY 2013
Employers Insured	169,000	168,000
Workers Covered	2,580,000	2,490,000
Hours Reported	3,388,000,000	3,270,000,000
Premiums Assessed (employers' portion)*	\$1,514,000,000	\$1,429,000,000
Premiums Assessed (workers' portion)*	\$343,000,000	\$313,000,000
Benefits Incurred	\$2,131,342,000	\$2,162,748,000

Claim Statistics	FY 2014	FY 2013
Number of Claims Filed	106,903	103,328
Number of Claims Accepted	86,968	84,064
Number of Claims Denied	14,593	14,077
Number of Fatal Pensions Awarded	51	44
Number of Total Permanent Disability Pensions Awarded	1,085	1,614
Number of Claims Closed with Permanent Partial Disability Awards	10,431	10,760
Number of New Time-loss (Wage Replacement) Claims	20,049	19,740
Number of Medical-only Claims Accepted	69,752	67,171
Number of Injured Workers Completing Training Plans**	501	583
Total Number of Days Lost from Work	7,054,849	7,521,311

Demographics of Accepted Claims	FY 2014	FY 2013
Percent of Injured Workers Male	67%	67%
Percent of Injured Workers Female	33%	33%
Average Worker Age at Injury	38	38
Percent of Workers Under Age 30	28%	27%
Percent of Workers Age 30-50	46%	46%
Percent of Workers Age 51 and Over	24%	24%

Most Frequent Injuries	FY 2014 # of Claims
Back, spine and spinal cord: Traumatic injuries to muscles, tendons, ligaments, and joints (includes sprains and strains)	10,466
Finger(s): Open wounds of finger(s), fingernails (includes cuts and lacerations, and amputation of fingertip or finger)	9,459
Leg(s): Traumatic injuries to muscles, tendons, ligaments, joints, etc., such as knee and thigh (excludes ankle and hip)	3,802
Shoulder: Traumatic injuries to muscles, tendons, ligaments, joints, etc. including clavicle and scapula (injuries to muscles, tendons, and ligaments that are not specifically otherwise classified)	3,646
Face: Surface wounds and bruises (includes splinter or other foreign body in eye, and bruises or contusions of the forehead)	3,611

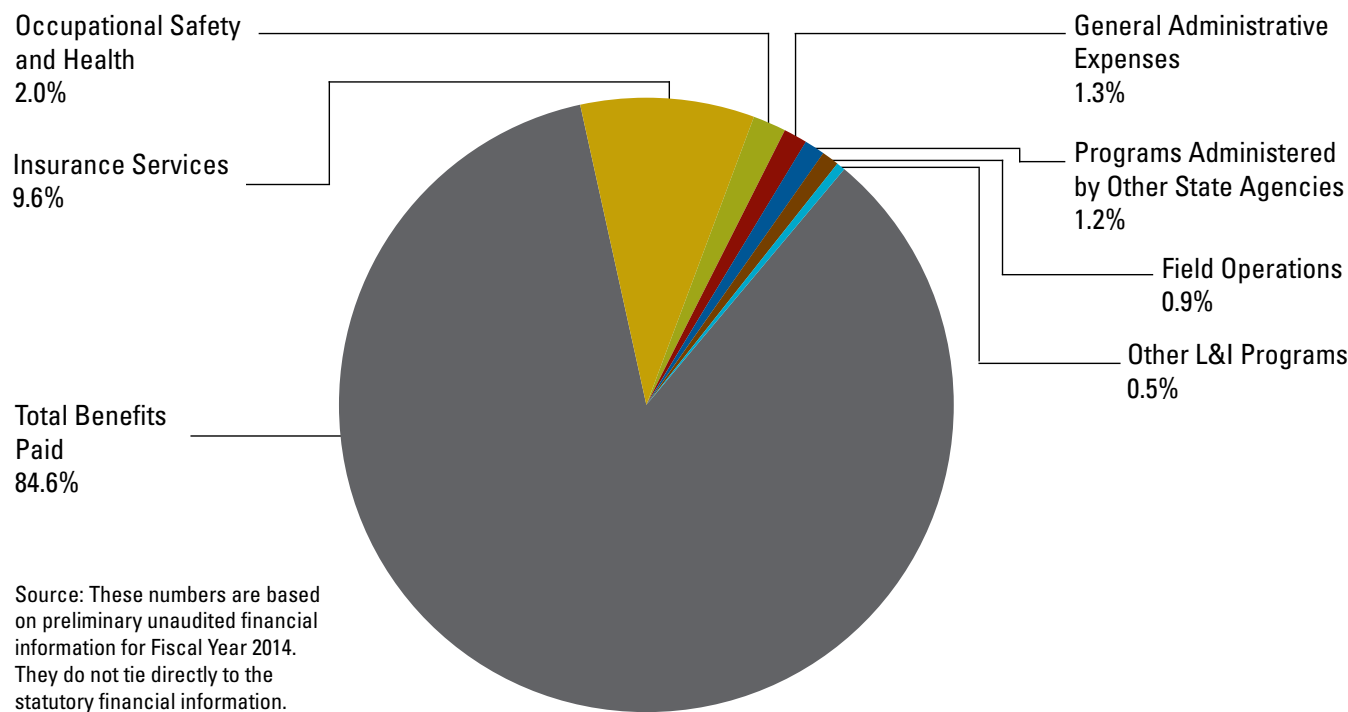
Notes: The data are a snapshot of FY 2014 (year ending June 30, 2014) as of fall 2014.
 Because of rounding, some columns may not add up to 100%.
 Counts of accepted and denied claims reflect actions in that year regardless of when claim was filed.
 Counts of new time-loss (wage replacement) claims reflect claims with first time-loss payments, regardless of year claim was accepted.

* Includes Accident, Medical Aid, and Stay at Work premiums.

** Includes only training plans successfully completed during the year.

Your State Fund Premium Dollars at Work

An accounting of programs and services funded with your insurance dollars
July 1, 2013, through June 30, 2014



EXPENSE CATEGORY	AMOUNT PAID	PERCENTAGE
Total Benefits Paid	\$1,479,432,318	84.6%
■ Injured workers’ medical treatment, partial wage replacement, disability and pension benefits (excludes cost-of-living adjustments); employer reimbursements under the Stay at Work Program, structured settlement payments		
Insurance Services	\$167,110,738	9.6%
■ Claims Management: Manage claims, medical treatment and vocational services, pay benefits	\$71,694,173	4.1%
■ Insurance Services Division Expenses	\$23,076,938	1.3%
■ Health Services Analysis and Office of the Medical Director: Control medical/ drug costs, manage medical providers, develop treatment guidelines, pay medical treatment bills	\$22,411,133	1.3%
■ Information Services: Technology development, and maintain data and voice systems	\$14,986,614	0.9%
■ Fraud, Collection and Audit: Investigate worker, employer and provider fraud; conduct audits; collect overpayments and delinquent premiums	\$12,957,843	0.7%
■ Legal Services: Manage appeal cases, recover claim costs from third parties	\$11,661,309	0.7%
■ Employer Services: Manage employer accounts, assess and collect premiums	\$10,322,728	0.6%
Occupational Safety and Health	\$34,423,421	2.0%
■ Division of Occupational Safety and Health: Provide safety and health compliance, consultation and education	\$32,334,806	1.8%
■ Safety and Health Assessment and Research for Prevention (L&I’s safety/health research program)	\$2,088,615	0.1%
General Administrative Expenses	\$23,563,701	1.3%
■ Human resources, budget and accounting, facilities maintenance, director’s office support of workers’ compensation		
Programs Administered by Other State Agencies	\$20,652,944	1.2%
■ Board of Industrial Insurance Appeals: Independent board, hears appeals in workers’ compensation cases and safety and health citations	\$15,776,446	0.9%
■ University of Washington Dept. of Environmental & Occupational Health Sciences: Promote safer workplaces and prevent occupational injuries and diseases through teaching, research and service	\$4,193,887	0.2%
■ Health Care Authority: Consolidation of prescription drug purchasing by L&I and other agencies, manage preferred drug list	\$256,622	<0.1%
■ Joint Legislative Audit and Review: Contracted to perform a performance audit of workers’ compensation claim management system	\$255,851	<0.1%
■ Department of Health: Consolidation of L&I and Dept. of Health responsibilities for inspection of farm worker housing	\$170,138	<0.1%
Field Operations: L&I Offices and Staff Costs Statewide	\$15,661,773	0.9%
Other L&I Programs	\$ 8,032,799	0.5%
■ Employment Standards/Workplace Rights: Enforce laws regulating child labor, minimum wage, overtime and working conditions	\$ 6,398,590	0.4%
■ Apprenticeship: Oversee registered apprenticeship to build a skilled workforce	\$ 1,634,210	0.1%
TOTAL EXPENSES	\$1,748,877,695	100.0%

Note: Because of rounding, some columns may not add up to 100%.